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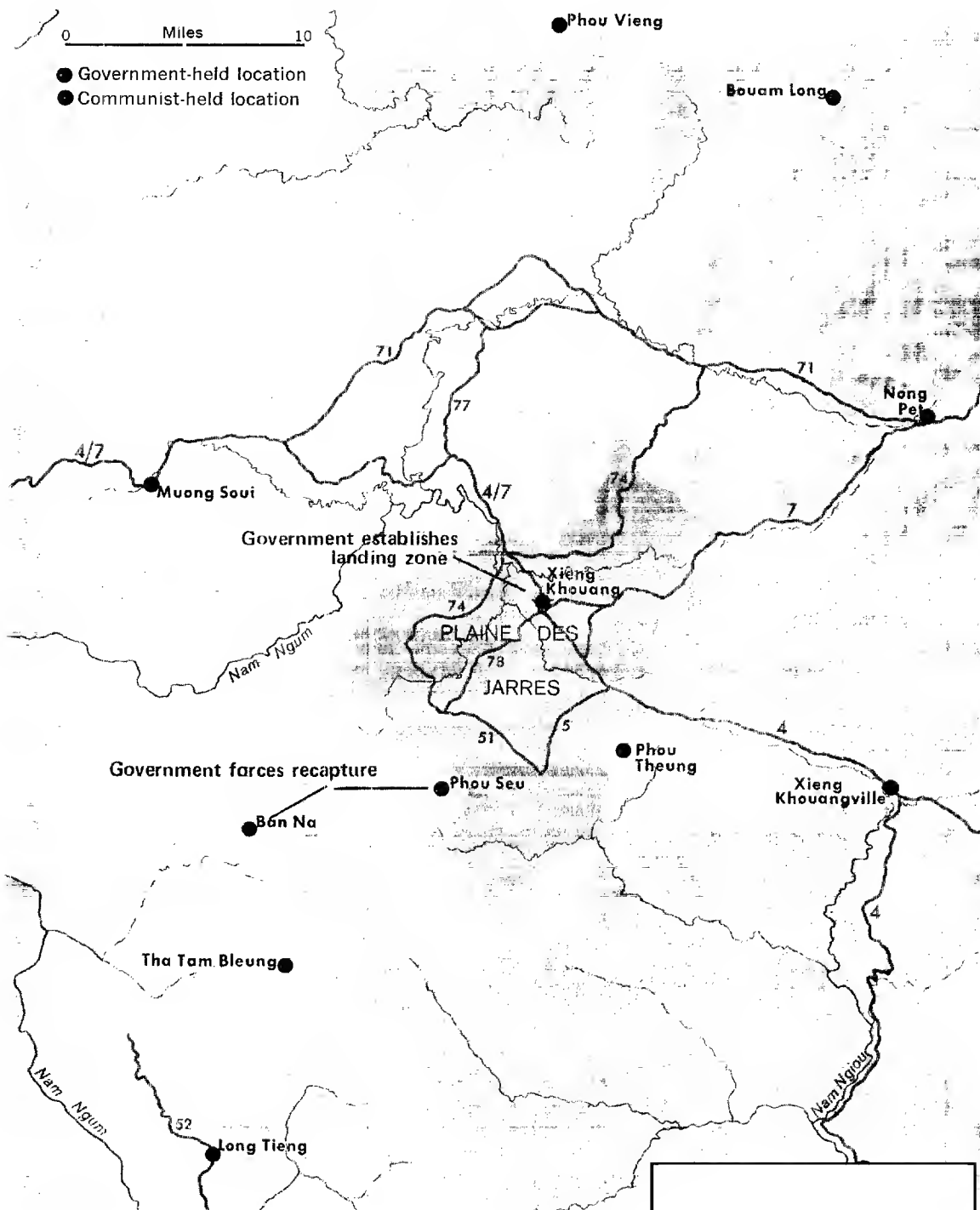
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LAOS: PLAINE DES JARRES AREA



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LAOS: Vang Pao's forces are continuing to cut deeply into Communist territory on and near the Plaine des Jarres.

On 29 June, irregular patrols reached the Xieng Khouang airfield in the northcentral portion of the Plaine and established a landing zone nearby. They found no evidence of recent enemy activity. At the same time, other patrols moved into the northeastern part of the Plaine, locating and destroying numerous small supply caches. Government forces have not been present in this area of the Plaine since February 1970, when a North Vietnamese counteroffensive drove the irregulars from Xieng Khouangville and swiftly rolled back the gains of the rainy season campaign in 1969.

Other significant government advances were scored west of the Plaine. Irregular units have captured the entire Phou Seu ridge--which has been the scene of clashes for several days--while other irregular forces moved back into Ban Na, an important government artillery base that had been abandoned in April. Vang Pao was not able to take Ban Na until mid-October last year, and his efforts to secure strong points north of Ban Na had proved only temporarily successful.

The North Vietnamese clearly have been caught off balance by Vang Pao's offensive. They had been pulling back some of their units from forward positions west of the Plaine, which in part accounts for Vang Pao's relatively easy progress to date. Nonetheless, the North Vietnamese still have six regiments, with artillery and armor support, in the general vicinity of the Plaine.

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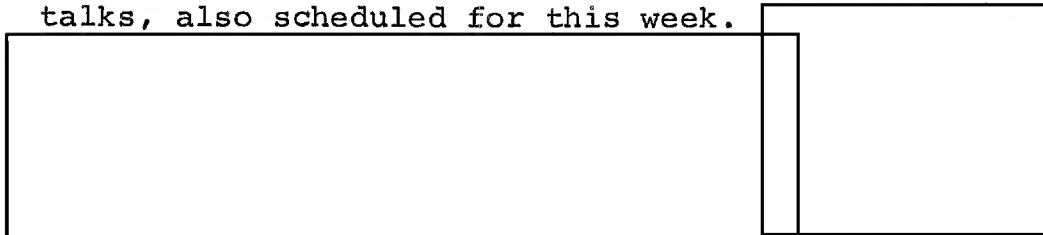
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BERLIN: The East Germans, with Soviet approval, may attempt some form of harassment today as a protest against a West German Bundestag committee meeting being held in West Berlin.

Pankow's Foreign Ministry published a declaration last week condemning the meeting of the Inner German Relations committee, which Bonn had already postponed last month rather than risk disrupting four-power negotiations on Berlin. The East Germans and the Soviets contend that West German parliamentary committees have no right to meet in West Berlin.

West German officials apparently decided to hold today's meeting, rather than appear to be agreeing with the Soviet - East German claim. West Berlin Mayor Schuetz has weighed in heavily with public statements against any visible weakening of West German - West Berlin ties, as have the opposition Christian Democrats in Bonn.

Pankow has further shown its displeasure over the meeting by postponing the next sessions of the East-West German and East German - West Berlin Senat talks, also scheduled for this week.



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UN-KOREA: The South Koreans fear that during the next session of the General Assembly growing sentiment among members for the seating of Communist China may also lead to a reversal on the Korean question.

The Soviets probably will once again propose resolutions calling for an unconditional invitation of North Korea to the UN during the debate, as well as for the dissolution of the UN Commission for the Unification and Rehabilitation of Korea (UNCURK), and for the withdrawal of foreign forces. Up to now North Korea has rejected the competence of the UN in peninsular matters, and thus has never accepted conditional invitations from the General Assembly that would have required Pyongyang to recognize the UN's authority.

Many delegates have grown tired of the sterile discussions that have accompanied the annual debate on Korea, and any action tending toward acceptance of Communist China might influence some delegations to accept an unconditional invitation to North Korea. As a result, the South Koreans are thinking about seeking to get the Korean items indefinitely deferred.

New Zealand's delegate told US officials this week that he did not believe the annual debate could be avoided, and that his country will try to win Seoul's agreement to a "more even-handed" form of invitation to Pyongyang this year. The New Zealander added that Canada favors such a proposition and may not continue to support the traditional Western position on inviting the North.

The North Koreans would still regard even a modified invitation, such as proposed by New Zealand, as unacceptable. In any case, it is unclear how much erosion of support for Western positions on Korea might result from new developments on seating Communist China.

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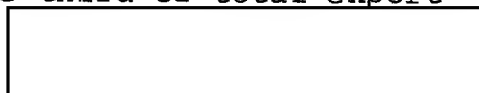
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AFGHANISTAN: Prolonged drought conditions are producing a crisis in Afghanistan's vital livestock sector.

The government has become increasingly concerned over the possibility of large losses of sheep, mainly because of malnutrition and lack of water. Although the full extent of the crisis is not yet known, as many as five million sheep--perhaps as much as a quarter of the country's total--may be lost unless emergency feed grain is provided.

In addition to the immediate loss to the economy through the reduction of meat supplies and attendant upward pressures on food prices, Kabul's balance-of-payments position could be seriously affected. Exports of wool, rugs, and related materials have produced more than one third of total export earnings in recent years.



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(DOMINICAN REPUBLIC: Several enlisted men had been arrested as of yesterday for allegedly plotting on behalf of ex-general Elias Wessin y Wessin, leader of a rightist political party and a voluble critic of the Balaguer government. There were also rumors late yesterday that Wessin himself had been "detained." From the bits and pieces of information available, it appears that a small group of enlisted men was engaged in pro-Wessin activity but if indeed a plot existed, it posed no real threat to the government at this time. There is no evidence of serious plotting or of military disaffection with the Balaguer government. [REDACTED]

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ALGERIA: The government and a two-thirds privately owned French oil company, CFP, have finally resolved disputes stemming from Algeria's partial nationalization of French oil companies last February. According to the ten-year agreement signed in Algiers yesterday, CFP will produce crude oil in cooperation with Algeria and will resume purchases suspended in April. CFP derives only about ten percent of its crude production from operations in Algeria, while the wholly French Government - owned company, ERAP, which holds two thirds of French interests there, has most of its producing assets in Algeria. There have been no indications of the impact that a CFP settlement may have on the more important ERAP-Algerian negotiations scheduled to resume in mid-July. [REDACTED]

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ICELAND: No progress has been made in two weeks of three-party talks on forming a center-left coalition. The leader of the Liberal Left Party has insisted that the parties discuss complicated and controversial economic and foreign policy issues before agreeing to form a coalition, in sharp contrast to the desire of the leaders of the farmer-oriented Progressive Party and Communist-dominated People's Alliance to coalesce first and talk later. Furthermore, the Liberal Left, over the objections of the People's Alliance, has called for expansion of the talks to include the defeated Social Democrats. The latter, badly divided in the wake of their disastrous election showing, are nevertheless adhering to their original decision not to enter any new coalition. With the many issues in conflict between the parties, prospects for an early resolution of the talks are dim.

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